



DEFENSE LOGISTICS AGENCY
THE DEFENSE CONTRACT MANAGEMENT COMMAND
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DEC 17 1996

IN REPLY
REFER TO

AQOC

MEMORANDUM FOR COMMANDERS, DEFENSE CONTRACT MANAGEMENT
DISTRICTS

SUBJECT: Payment Concerns

The joint DFAS/DCMC project team described in Gen Drewes' Oct 13, 1995, Memorandum, same subject, held its second meeting November 6 - 7, 1996 at DFAS in Columbus, Ohio. As you may recall, the team was established to address interface and systemic problems experienced by DFAS and DCMC. There were 27 participants at the meeting, including customer representatives from ASC/PK, DSCC, CECOM, NAVSEA and NAVICP.


A copy of the minutes/action items (attachment 1) is provided for your information and distribution to the action officers, as appropriate. This copy replaces any advance draft copies that were distributed. There were approximately 45 open action items. Seventeen have been completed or require no further action; 4 will be transferred to the Program and Systems Advisory Team (PSAT); and 7 open items under contract closeout were grouped together for action by a work group on the team. The remaining 25 items had due dates assigned/reassigned, including 3 new actions from the team and 5 new actions from our customer representatives.

The joint effort of DFAS and DCMC has proven to be very effective in identifying and resolving command wide payment and system problems and our customers from the buying commands have indicated their full support. This team offers field activities a great opportunity to have critical issues addressed by a team of people who know the system and have the expertise to develop solutions. I encourage you to use the team to help resolve your payment issues. Their names and phone numbers are provided in attachment 2.

The next meeting is scheduled for Feb 20 - 21, 1997 at DFAS Columbus, Ohio. The agenda will include status of current action items, addition of new agenda items, establishing metrics and DFAS' reorganization of its payment sections.

For additional information, contact Ms Josephine Ross, Team Leader, at (703) 767-3442, DSN 427-3442 or E-Mail Josephine_Ross@hq.dla.mil.

Attachments


EDWYNN L. BURCKLE, Col (S), USAF
Team Chief
Business Practices and Contract Payments

cc: DFAS-CO
DLA/FOX
AQAC/R. Kunihiro

DFAS/DCMC TIGER TEAM
ACTION ITEMS

As of Nov 1996

NOTE: Action Items were established at the initial meeting, Feb 21 & 22, 1996. Current status resulting from the Nov 6 & 7 meeting is shown in *italics*.

A. DISCUSSION ITEM: Request for Hard Copy Documents

Initial Issues:

There is an ongoing problem with regard to the number of requests for hard copies of contracts, modifications, etc. It appears that this is consuming a large number of DCMC personnel to locate, reproduce, and mail or FAX documents to DFAS.

Current Procedures:

The DFAS process on the receipt of mail is to open everything in the mail room so that it can be date stamped. This is required by DFAS so that monitoring for the Prompt Payment Act and other metrics can be performed. Mail is first sorted by payment area, then sorted by contracts, modification, invoice, etc., and sent to the appropriate area for handling. If a reconciliation clerk request copies of contracts and modifications, they are usually sorted in the regular procedure and may never reach the reconciliation clerk. As a result, the clerk will request the copies again.

The team determined that for items requested for reconciliation, the use of a cover sheet to serve as a "a flag" to the mail room not to sort the items but rather to forward intact to the requestor should cut down on duplicative requests. In addition, to help with the problem of retrieving copies from the file, DFAS already had a PAT looking at improvements in this area. Therefore, the Tiger Team decided to put focus on duplicate requests for reconciliation.

Actions already taken:

DFAS has a PAT in place to look at the internal files procedures.

Action Items:

1. Conduct a random sample of Requests for Copies to see who appears to be requesting multiple copies and determine if it is a systemic issue or a specific issue. Results to be discussed at next meeting. (*OPEN: DCMC policy ltr 96-07 established requirement to use a two-way form. CAOs to provide a cy of the form to DCMC DFAS-CO Liaison. Responses were rec'd from only 23 CAOs: top reasons for request were 1) missing hard cy from MILSCAP; 2) missing latest mod that affect payment; and 3) missing mod to change*

missing hard copy from MILSCAP; 2) missing latest mod that affect payment; and 3) missing mod to change

ENCL 2

pay division. The team decided more data needed to be collected in order to isolate the problem area; continue collecting data and report findings at next meeting)

OPI: DCMC
Action Officer: Anita Sharninghouse
Due Date: Feb 1997

2. Modify "Request for Copy" form as a two way form, i.e., add "TO" and "FROM" for routing request back to the initiator. (CLOSED: DFAS ltr dated Jun 13, 1996, Subj: Interim Guidance - Request for Copy of Contractual Document and DFAS ltr dated Oct 9, 1996, Subj: Use of Form DFAS-CO-4330, versus DLA For 1797)

OPI: DFAS
Action Officer: Steve Frisch
Due Date: CLOSED NOV 96

3. Inform DFAS-CO mail room not to separate "Request for Copy" form from requested copies when they are received at DFAS-CO. (CLOSED: DFAS ltr dated Jun 20, 1996, Subj: Interim Guidance - Request for Copy of Contractual Document)

OPI: DFAS
Action Officer: Steve Frisch
Due Date: CLOSED NOV 96

4. Revise the Concept of Operations to provide procedures for both DFAS and DCMC personnel to utilize the two-way form for requesting and transmitting hard copy documents. A DCMC policy letter will be prepared to effect change in near term. (CLOSED: Concept of Operation, Rev 8, distributed.

OPI: DCMC
Action Officer: Josephine Ross
Due Date: CLOSED NOV 96

5. Until the new two-way form is developed, instruct DFAS/DCMC field offices to conform to Concept of Operations Assumption #37. DFAS will FAX the form to DCMC field offices when a hard copy is needed, and DCMC will utilize the same FAXED form as a transmittal document for return of the requested documentation to DFAS. (CLOSED: Issued DCMC Policy Letter 96-07, dated June 10, 1996)

OPI: DCMC
Action Officer: Josephine Ross

Due Date: CLOSED APRIL 1996

6. Ensure DoD Directory of Contract Administration Services Component, DLAH 4105.4, is distributed in hard copy. (CLOSED: Team members and customers advised that hard copies are no longer distributed. DLAH 4105.4 is now accessed thru DCMC Home Page, WEB Address of <http://www.dcmc.dcrb.dla.mil>)

OPI: DCMC
Action Officer: Josephine Ross
Due Date: CLOSED JUNE 3, 1996

7. Request DCMC Liaison Offices to determine how the Buying Commands they represent distribute contractual documents. (OPEN: Liaisons did not get letter that was distributed in April 1996. Letter will be sent out again)

OPI: DCMC
Action Officer: Josephine Ross
Due Date: COMPLETED NOV 26, 1996

8. Verify DLAD 5000.4, Contract Management, contains proper procedures for DCMC suspending of contracts/mods until same are backlogged into MOCAS by DFAS-CO. If applicable procedures are not detailed in the current DLAD 5000.4, prepare and forward a draft revision to DCMC for incorporation into the DLAD. (OPEN: The One Book is currently under revision; not sure what will be included at this time. If possible, will include suspense time for requesting contracts/mods)

OPI: DCMC
Action Officer: Josephine Ross
Due Date: FEB 1997

9. Ensure space is provided in the "Notebook" software for remark to indicate copy/copies requested. Upon deployment of the Notebook function to MOCAS, DFAS-CO will issue instruction to utilize the Notebook for annotation of document requested. Instructions should further require review of the Notebook data to ensure a previous request had not been made.
(TRANSFERRED TO PSAT: This action pertains to payments of vouchers and progress payments. DFAS ltr dated Oct 7, 1996, subj: Interim Guidance for the use of In-The-Clear Messages permits ACO notebook remarks to be maintained in the database. However, the PSAT has a action item on "Notebook" software so this action was transferred to the team for review.)

OPI: N/A
Action Officer: N/A
Due Date: N/A

10. Include Contract Receipt and Review PAT findings in DLAD 5000.4, Contract Management (One Book) revision. *(CLOSED: The findings were incorporated during benchmarking process.)*

OPI: DCMC
Action Officer: Josephine Ross
Due Date: CLOSED JUN 1996

11. Reiterate requirement to review and take action on C-coded invoice listings. Highlight and elevate to Buying Activities that are not properly distributing contracts. *(OPEN: DFAS ltr dated Oct 9, 1996, subj: Use of Form DFAS-CO-4330, versus DLA Form 1797. Also, DFAS to start sending reports to Buying Offices beginning Dec 1996).*

OPI: DFAS
Action Officer: Jennifer Zarbaugh
Due Date: Dec 30, 1996

12. Reiterate requirement to review and take action on C, D, & H coded invoice listings at the DCMC field offices. *(OPEN: A MOCAS bulletin was issued shortly after Feb mtg; DCMDE recalls the bulletin; DCMDW not sure action completed in their District).*

OPI: DCMDW
Action Officer: Keah Shields
Due Date: Dec 15, 1996

13. After stratifying C & D coded invoice listing by Buying Activity, provide results to DCMC Liaison Offices through the DFAS/DCMC Liaison Office. *(CLOSED: Listing was provided to the Anita Sharninghouse DCMC-CO Liaison who in-turn provided them to remaining DCMC liaisons.)*

OPI: DFAS-CO
Action Officer: Patsy Frisch
Due Date: CLOSED NOV 1996

14. Identify ways to expedite DFAS-CO Files Room delivery of requested contract files/documents. *(OPEN: DFAS has formed a PAT to evaluate this problem; will provide findings/corrective action at next mtg)*

OPI: DFAS-CO
Action Officer: George Grimstad
Due Date: Feb 1997

B. DISCUSSION ITEM: Data Input Delays/Errors

Initial Issues:

- Contracts are being closed before final voucher is received.
- Fully funded obligations are input when only incremental funded obligations should be.
- Modifications are not input completely.
- Modifications and contracts are not input timely.
- Obligation amounts are not correct.

Actions already taken:

- DFAS-CO has implemented various actions within the past six months to reduce the backlog of contracts and modifications awaiting input. As a results, backlogs are less than experienced within the past eighteen months, and are down to two, three days backlogs.

- DCMC is performing input to ACO modifications in District East and is implementing procedure in District West also.

Action items:

1. Clarify input instructions when payment office is other than DFAS-CO. (*TRANSEERRED TO PSAT*): The PSAT has an open action on this issue A data call to the field on the volume of ODO contracts being administered is in process. This item will be transferred accordingly & status tracked. INFO: DFAS ltr, dated Oct 1, 1996, subj: Input of ODO Contracts was sent to the DCMC Liaison explaining that DFAS is not required to input ODO contracts into MOCAS mainly as a result of prioritization of workload and manpower constraints, even though the Concept of Operations states to the contray. DFAS's current billing structure doe not allow for the reimbursement of ODO ininput costs and without a funding mechanisim, ODO input is accomplished on a sporadic basis. The letter further states that all problems relating to ODO contracts coould be eliiminated by designating DFAS-CO-J as the payment office as directed in DFARS 242.205. DFAS desk instruction #201 including instructions for ODOs is due out by the end of Nov 1996; they will be reviewed by DCMC.

OPI: DCMC
Action Officer : Anita Sharninghouse
Due Date: As Required

2. Instruct DCMC field offices to forward obvious errors to their District Offices so they can consolidate and distribute to DFAS-CO. (*CLOSED: Training included with ACO/PCO contract/ modification input should eliminate this problem*)

OPI: DCMC-EAST
Action Officer: Bart Hogan/DCMC Functional & System Support Team (FASST)
Due Date: CLOSED NOV 1996

3. Redefine MOCAS data elements. (*CLOSED -PSAT HAS SAME ACTION*)

Action Officer: Lillian Leone
Due Date: CLOSED NOV 1996

4. Address various Other Disbursing Office (ODO) issues to include surveying database for ODOs and analyze the contracts to determine those that are truly ODOs and those that have been incorrectly coded ODO for input purposes. *(TRANSFERRED TO THE PSAT; THEY HAVE SIMILAR ACTION)*

OPI: DCMC-DFAS-CO
Action Officer: Josephine Ross/Steve Frisch
Due Date: CLOSED NOV 1996

5. Implement ACO Mod input throughout DCMC-West. *(OPEN: DCMDW has 6 sites left to train; ECD is Dec 20, 1996.)*

OPI: DCMC West
Action Officer: Keah Shields
Due Date: Dec 20, 1996

6. Update MOCAS data input desk procedure and coordinate with DCMC. Combine results of redefining of data elements. (Action item #3). *(OPEN: Draft procedure #201 due out for review in 90 days; concerns of Legail White/ DFAS-IN Liaison to be considered in DFAS procedure)*

OPI: DFAS-CO/DCMC
Action Officer: Jennifer Zarbaugh/DCMC Functional & System Support Team (FASST)
Due Date: Feb 1997

7. Review Trusted Agent input and statistics to determine which DFAS-CO organization continues to input inaccurately. *(CLOSED: DCMDE has a MOCAS Users Council with members from the CAOs. Sessions used to discuss issues in the field. DCMDW considering establishing similar council. Training for ACO/PCO contract/mod input should resolve input issue. Training completed in East plus part of West)*

OPI: DCMC
Action Officer: Bart Hogan/FASST
Due Date: CLOSED NOV 1996

8. Conduct random sample review of DLA 1797 (Request for MOCAS Action /Information) forms to identify input errors and areas where DCMC field offices are requesting actions that could be performed by themselves. *(OPEN: DFAS will give inappropriate requests to Anita Sharninghouse/ DCMC DFAS Liaison who will provide them to District FASST members for action with the respective CAOs. Procedure will also be developed for the Concept of Operations/policy ltr.)*

will also be developed for the Concept of Operations/policy ltr.)

OPI: DFAS-CO/DCMC
Action Officer: Jennifer Zarbaugh/Anita Sharninghouse
Due Date: Feb 1997

C. DISCUSSION ITEM: Reconciliation

Initial Issues:

- Reconciliations are not completed timely.
- Shifting of reconciliations between personnel results in clerk having to start the reconciliation over.

Actions already taken:

Reconciliation is now DFAS-CO's number one project. DFAS-CO has determined that some contracts are unreconcilable due to missing documents that have not been able to be located. DFAS-CO to ask for assistance from DCMC to negotiate settlement of certain contracts.

Actions:

1. Develop a process for submitting reconciliation requests, with supporting documentation, from DCMC to DFAS-CO. (*OPEN: DFAS ltr, Subj: DFAS Policy on Acceptance of External Audit Requests was issued Sep 26, 1996 which provided guidance to its various centers on external audit requests. HQ DCMC provided an interim response dated Oct 31, 1996; a final response is due by Dec 15, 1996.*)

OPI: DFAS/DCMC
Action Officer: George Grimstad/Anita Sharninghouse?
Due Date: Feb 1997

2. Identify types of reconciliation requests and develop a prioritization scheme. (*OPEN: DFAS ltr, dated Aug 28, 1996, to DFAS Associate Director, subj: Review Goal at DFAS-CO, Contract Entitlement Directorate. The letter identifies, by random sample, reconciliation priorities and requested each directorate to verify that the priorities were an accurate reflection of the workload for planning purposes. DFAS was reminded of the Memo of Agreement on CRS between DCMC and was asked that the agreement be considered when establishing priorities.*)

OPI: DFAS-CO/DCMC
Action Officer: George Grimstad/FASST Anita Sharninghouse?
Due Date: Feb 1997

3. Determine how data from mail logs can be distributed to DCMC offices to assist in reconciliation.. (*OPEN: DFAS has implemented an electronic system called FaxBack, a menu driven system which allows customers to call an automated system and obtain status on their payments. DFAS will implement a*

government line for our use; they need the buying office to provide the fields of data they want established in the system by DFAS. Anita Sharninghouse/DCMC DFAS-CO Liaison will send a ltr to all DCMC Liaisons by Nov 15 to forward to their customers, asking for the data.)

OPI: DFAS/DCMC
Action Officer: Jennifer Zarbaugh/Anita Sharninghouse
Due Date: Dec 15, 1997

4. Get \$1,000 waiver clause for expired funds from NAVSEA and provide to Carol Covey and Henry Bezold to incorporate DoD-wide. (CLOSED: Clause provided to OUSD)

OPI: DFAS-CO
Action Officer: Steve Frisch/Ruby Hookfin
Due Date: CLOSED March 1996

5. Explore DCMC direct input sites to input missing mods in addition to ACO-issued contractual documents. (OPEN: MOA will be revised to include input of missing PCO mods that impact input of ACO issued mods)

OPI: DCMC
Action Officer: Bartley Hogan
Due Date: Nov 29, 1996

6. Expedite response to action item number 1. (CLOSED)

OPI: DFAS-CO/DCMC
Action Officer: Steve Frisch/Josephine Ross
Due Date: CLOSED

7. Send a proposal to HQ DFAS that "unreconcilable" contracts be settled/closed via ACO negotiation with contractors and that this policy be coordinated with HQ DCMC. (Current number of "unreconcilable" contracts is approximately fifty.) (CLOSED: DFAS ltr to HQ DFAS, dated Mar 11, 1996, subj: Unreconcilable Contract - ACTION MEMORANDUM; HQ DFAS ltr to HQ DCMC, dated Mar 13, 1996, subj: Unreconcilable Contracts and DCMC Policy Ltr No. to DCMDs)

OPI: DFAS-CO
Action Officer: Steve Frisch
Due Date: CLOSED

D. DISCUSSION ITEM: Payment Issues

Initial Issues:

- Progress payments not recouped/over-recouped
- Duplicate/Incorrect payments.
- Hard copy checks were mailed instead of EFT.
- Payment made against wrong ACRN.
- Liquidation of Progress Payments being erroneously taken on cost vouchers.
- Incorrect discount taken.
- Lack of timely payment of cost type and time and material contracts.
- Proration of payments on "automatic" payment result in Navy money being used to pay for Air Force and vice versa.

Actions already taken:

- DFAS-CO is performing additional reviews and controls on all invoices over \$1 million and on contract payments where multiple funds are expended.
- DFAS-CO is including contracts with Negative ULO and Debit WIP balances in their prioritization of reconciliation workload.
- DFAS-CO is working and tracking all backlogs as a team in lieu of individuals organizations and sharing resources.
- DFAS-CO is using system downtime for specific training.

Action Items:

1. DCMC to identify unusual payment issues to DFAS-CO as they become aware of them. The pre-award process is an avenue of detecting potential problem areas early. (CLOSED: No longer considered a necessary action)

OPI: DFAS-CO/DCMC
Action Officer: Steve Frisch/Josephine Ross
Due Date: CLOSED NOV 1996

2. ACOs to input modifications to expedite the accuracy of the database. (OPEN: DCMDW ACO mod input to be completed by Dec 20, 1996)

OPI: DCMC West
Action Officer: Keah Shields
Due Date: Dec 20, 1996

3. Develop an overall contract writing guide for payment-related issues using the NAVSEA package and actions items from the AFMC Contract Closeout PAT as the initial straw man.

(OPEN: Will be released when ACO input module is deployed in mid 1997; DCMC Dallas is test site; functional testing starts in Jan 1997; start drafting guide in Jan 97.)

OPI: DFAS-CO/DCMC
Action Officer: Jennifer Zarbaugh/Anita Sharninghouse
Due Date: Jan 1997

4. **New Item:** DFAS has received invoices, against contracts with progress payments, with instructions “do not liquidate” from the ACO; no explanation is provided. DFAS wants ACOs to provide explanations with payment requests that are not the “norm”.

OPI: DCMC
Action Officer: Keah Shields/Ron Pulos
Due Date: Dec 30, 1996.

5. **New Item:** DFAS receives many DD Form 1131, Cash Collection Vouchers, that don’t have the contract no., the ACRN and service organization identified. DCMC CAOs need to be advised of information required on the form.

OPI: DCMC
Action Officer: Sharkey/Ron Pulos
Due Date: Feb 1997

6. **New Item:** Currently, the ACO must submit a copy of closing statements and releases as supporting data with the final voucher. According to DFAS legal, DLAM 7000.5, Section 7.1.2.4.d of the CAS Accounting Procedures requires the documentation as part of the package for final payment; it is not a DFAS requirement.

OPI: DCMC
Action Officer: Bill Hausler
Due Date: Dec 16, 1997

E. DISCUSSION ITEM: Contract Closeout

Initial Issues:

- If contract is reopened, DFAS fails to re-close.
- Contract in Part B is canceled and DFAS moves it to Part A and it becomes overage.
- Failure to fully process the termination modifications.
- Closeout problems with cost-type and time and materials contract with excess funds.
- Failure to issue final pay NLA.

- Final pay NLA issued with option period not expired.
- Failure to process NLA/close contracts.
- Cancellation modification is input, but funds not removed.
- Cancellation modification is input, funds deobligated, but not final pay issues.

Action Items:

1. Instruct DFAS-CO employees not to reopen contracts when Final-NLAs are processed by field offices unless ACO concurrence in reopen action is obtained. (OPEN; SEE ACTION ITEM 8)

OPI: DFAS-CO/DCMC
 Action Officer: Jennifer Zarbaugh/Dan Sharkey
 Due Date: Feb 1997

2. Train CAR clerks how to close contracts with excess canceled funds. (CLOSED: Training completed by Mary Beth Collins/DFAS in July 1996; Desk Proc 807 being revised; DCMC will coord on draft)

OPI: DFAS-CO
 Action Officer: Steve Frisch
 Due Date: CLOSED JUL 1996

3. Inform CAR clerks that a modification is not needed, for MOCAS purposes, to close a contract with excess funds. (OPEN: SEE ACTION ITEM 8)

OPI: DFAS-CO/DCMC
 Action Officer: Jennifer Zarbaugh/Bartley Hogan
 Due Date: Feb 1997

4. Reiterate existing procedure for coding final BVNs as a final payment to Voucher Examiners. (CLOSED: DFAS issued Desk Procedure 401, dated Jun 1996; however, procedure requires some minor revisions)

OPI: DFAS-CO
 Action Officer: Steve Frisch
 Due Date: CLOSED JUN 1996

5. Inform DCMC field offices of problems related to closing contract with excess canceled funds. (OPEN: No additional action taken at this time; CAOs were previously informed that when a contract has cancelling funds they must ensure contractor doesn't bill for those fund. Concept of Ops #49 also has guidance on canc funds. THIS ISSUE WILL BE INCLUDED W/ACTION ITEM 8)

OPI: DFAS-CO/DCMC
Action Officer: Jennifer Zarbaugh/Bartley Hogan
Due Date: Feb 1997

6. Change DFAS-CO procedures to incorporate instructions for closing out canceled contracts, i.e., close using NLA G & F in lieu of NLA-H. (OPEN: SEE ACTION ITEM 8)

OPI: DFAS/DCMC
Action Officer: Jennifer Zarbaugh/Bartley Hogan
Due Date: Feb 1997

7. Run SPECTRA process by DFAS Directorate/division to identify the number of contracts in Part A with a R9 remark of "52," "DD250 Not Required." Upon receipt, take action to correct. (CLOSED: SPECTRA is not the answer)

OPI: DFAS-CO/DCMC
Action Officer: Steve Frisch/FASST
Due Date: CLOSED NOV 1996

8. Jointly establish a working group to develop accurate DFAS closeout desk procedures. (OPEN: Includes Action Items 1, 3, 4, 5, 6, & 9)

OPI: DFAS/DCMC
Action Officer: Jennifer Zarbaugh/Bartley Hogan
Due Date: Feb 1997

9. Review DFAS-CO requirement that final audit report accompany final BVN. (OPEN: See Action Item 8)

OPI: DFAS/DCMC
Action Officer: Jennifer Zarbaugh/Bartley Hogan
Due Date: Feb 1997

10. Provide copies of all DFAS-CO interim guidance to DCMC via the DCMC Liaison Office at

Columbus. (CLOSED: This is an ongoing process)

OPI: DFAS-CO
Action Officer: Steve Frisch
Due Date: CLOSED NOV 1996

F. DISCUSSION ITEM: Prevalidation

Initial Issues:

DCMC personnel are not aware of/do not understand the need for the steps involved in the prevalidation process.

Action Items:

1. Explain the prevalidation process to field offices via a letter and a VTC. (OPEN: DFAS hosted a meeting on Nov 21, 1996 in which customers, including HQ DCMC representative, were briefed on the prevalidation process. Subsequent to this meeting; a headliner will be presented at a HQ DCMC VTC on prevalidation)

OPI: DFAS-CO/DCMC
Action Officer: Jennifer Zarbaugh/Josephine Ross
Due Date: Feb 1997

G. NEW ISSUES:

1. DFAS-CO is designated as proof of claims for all DoD; they need to be notified as soon as possible when a bankruptcy. DFAS wants DCMC, in their notification of a bankruptcy to the PCO, to request the PCO to notify their respective accounting stations of the bankruptcy.

OPI: DCMC
Action Officer: Josephine Ross
Due Date: Feb 1997

F. CUSTOMER ISSUES: SEE ATTACHMENT 1

CUSTOMER ACTION ITEMS

a. ASC/PK/Bob Beers:

1. DFAS prorates payments across all ACRNS regardless of payment instructions. Sometimes payments are made accurately, other times they are not. Example is JPATS contract which is less than 1 yr old and payments are screwed up already. The contract has about 15 CLINS, 6 ACRNS, different types of money and progress payments.

DFAS responded that the normal process is to prorate payments across ACRNS unless payment instructions are provided specifically detailing how payments are to be made. If instructions are provided, they couldn't understand why there was a problem.

Action: Keah Shields/DCMDW FASST member took an action item to contact the CAO in Wichita, Kansas, investigate the issue and provide findings to the customer; George Grimstad/DFAS and myself. A timeline will be provided within a week.

2. Interest penalty on late payments. In the past, DFAS paid the penalty for late payments; however, effective Oct 1, 1995, the services are responsible for paying the penalty for late payments. Mr. Beers concern was that DFAS would automatically deduct such payments from program funds without notification to the buying offices possibly placing contracting officers in jeopardy of violating the anti-deficiency act..

George Grimstad/DFAS explained that each service was establishing a fund cite with DFAS that would be used for paying penalty costs. Payments would not automatically be taken from program funds. Mr. Beers was unaware of this procedure (he gave a sigh of relief). Fund cites were already received from the Army and Navy.

Action: George Grimstad/DFAS will provide a copy of the AF funding letter to Bob Beers and Anita Sharinghouse/DCMC Liaison when it's received; Anita will send me a copy.

3. Operating Locations (OPLOCS) changed their ADSN numbers and because they did not match the number in MOCAS, payments were delayed up to 6 months in some instances. (Anita was familiar with the problem).

Wayne Brown/DFAS could not understand why payments were held up and asked Bob Beers whom he had talked to. It appears that the issue was not raised to a high enough level; authority can be given to override certain inconsistencies between the system and documentation.

Action: Wayne Brown will check on why payments were held up and will notify Bob Beers NLT 15 Nov 96. A copy of the DFAS Customer Representative POCs was given to Bob Beers for future reference.

B. CECOM-AC-SB-C/Grace Squeo

1. Grace stated CECOM had similar problems with proration, but did not elaborate. Also, she normally goes to DFAS each Jun thru Sep to work cancelling funds issues. She currently needs assistance in reconciling the ULO on physically complete contract DAABSN-89-C-F404 ata CAO in Santa Barbara, CA. The contractor has \$535K; the PCO has approx \$5M; and MOCAS has \$6.8M.

Action: Dan Sharkey/DCMDW took action to coordinate with the ACO; will encourage negotiating the closeout. Plan for resolution and interim findings will be provided to CECOM and myself NLT Dec 1, 1996.

C. Navy: Representatives for NAVICPs (Bill McGuinn) and NAVSEA (Ruby Hoofkin) had no specific payment concerns. Ruby requested an updated matrix of DFAS personnel and that DCMC remove her name as POC for revised delivery forecasts (RFDs) from a policy letter issued by MGEN Drewes..

Action: George Grimstad took an action to provide an updated list to Anita Sharinghouse/DCMC Liaison, for distribution as soon as revisions are completed. I took an action to get the policy letter changed NLT 30 Dec 96.

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